

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2004-297-S**

IN RE: Application of Midlands Utility, Inc. for an Approval       )  
      of New Schedule of Rates and Charges for Sewage       )  
      Service provided to its customers in Richland       )     **RETURN**  
      Lexington, Fairfield and Orangeburg Counties.       )

**RETURN TO PETITION FOR REHEARING OR RECONSIDERATION AND  
MOTION FOR CLARIFICATION**

Midlands Utility, Inc. (Midlands”) for the reasons set out, would object to the Petition for Rehearing and/or Reconsideration of the Office of Regulatory Staff (ORS).

1.     **Commission findings respecting revenues.** The Commission’s findings in Order No. 2005-168 as to Phase I and Phase II service revenues were appropriate. The ORS objects to the Commission’s findings of increased service revenues in Phase I and Phase II. However, the record is replete with substantial evidence by way of testimony and exhibits supporting the Commission’s determination as to appropriate revenues to accomplish needed construction with adequate operating margins. The Petition of the ORS for Rehearing and/or Reconsideration in this respect should be denied

2.     **Remaining issues.** The remaining issues raised by the ORS are without merit. The ORS argues that the Commission erred, inter alia, in establishing depreciation rates, setting rate case expense amortization, calculating interest expense, setting tap and capacity fees, authorizing certain salary increases, and establishing bond requirements.

The Commission's findings and conclusions respecting these issues are fully justified and amply supported by the record. In addition, many of the remaining issues raised in the Petition for Rehearing and/or Reconsideration were raised by the ORS and disposed of in favor of Midlands by this Commission in In Re: The Application of Development Service, Inc. Docket No. 2004-212-S (DSI), and In Re: Bush River Utilities Inc. Docket No. 2004-259-S (Bush River). The issues in DSI, Bush River and here are nearly identical, if not identical, and where nearly identical, are linked so closely that the Commission's rulings in DSI and Bush River are applicable here. The Commission's rulings with respect to the post-trial motions in DSI and Bush River are dispositive of the issues remaining before this Commission in this docket. Accordingly, for the reasons set out herein, the remaining issues raised in the Petition for Rehearing and/or Reconsideration should be denied.

The Petition for Clarification should be granted in a manner consistent with the Commission's rulings with respect to the ORS Petitions for Clarification in Dockets 2004-212 -S (DSI) and in Docket 2004-259 –S (Bush River).

Respectfully submitted,

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